# FACTORS INFLUENCING INFORMATION TECHNOLOGY OUTSOURCING IN THE INSURANCE SECTOR IN KENYA.

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A project submitted to the School of Business in partial fulfillment for the requirements of the Award of degree of Master of Business Administration (Strategic Management) Kabarak University

## DECLARATION

This project is my original work and has not been presented for a degree in any other University.

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**GMB/NBE/1241/09/12**

This project has been submitted for examination with our approval as University supervisors.

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## DEDICATION

I dedicated this to my family and loving Wife for their unrelenting support throughout this process.

## ABSTRACT

The rationale of this study was to examine the factors that influence the adoption of Information Technology outsourcing by insurance companies in Kenya, with specific interest in four key factors; Establish how Financial drivers, Focus on core competencies, Technological advancements and Government policy influence adoption of Information Technology outsourcing by the insurance companies in Kenya. The study was guided by a theory propagated by Glassman which supported these factors as key to outsourcing decisions by companies.

The study was quantitative and a survey on the factors influencing the adoption of IT outsourcing was conducted. This type of design was used because one or more variables, apart from the independent variable in question, would be the causal factor of the expected variations on the dependent variable, where all the 49 registered insurance companies were targeted by the study and ICT managers were identified as the key respondents. A questionnaire tool was developed to collect the data. The study achieved questionnaire return rate of 82 percent. Data was analyzed using statistical package for social scientists (SPSS) version 17.0 and Microsoft's excel. The study found out that the key factors that influence adoption of IT outsourcing among the insurance companies in Kenya are two namely financial drivers(P-value=0.001) and focus on core competencies(P-Value=0.028) whilst government policy has least if no influence at all. Out of the companies that successfully responded, it was established that 75% of them were engaging in Information Technology outsourcing where 50% of them were involved in outsourcing of cloud services. The study recommended that ICT managers encourage the' application of outsourcing practices in their organizations because of the benefits that accrue to organizations. The study recommended that similar studies be conducted within the same industry as there are other factors apart from the four that influence the adoption of Information Technology outsourcing.



**Keywords: Information Technology, Information systems, Outsourcing, Insurance**

**LIST OF ABBREVIATIONS**

| | |
|---|---|
| **AKI** | Association of Kenya Insurers |
| **BPO** | Business Process Outsourcing |
| **CCK** | Communications Commission of Kenya |
| **CSFs** | Critical Success Factors |
| **EASSY** | East Africa Submarine System |
| **FKE** | Federation of Kenya Employers |
| **GOK** | Government of Kenya |
| **ICTs** | Information and Communication Technologies |
| **IS/IT** | Information Technology/Information Systems |
| **RFP** | Request for Proposal |
| **SLAs** | Service Level Agreements |
| **TEAMS** | The East Africa Marine System |

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# CHAPTER ONE
# INTRODUCTION

## 1.1. Background of study

Since Kenya's independence in 1963, the economic focus has been concentrated on tourism and agricultural production. Over the years, resulting from a rising population growth and scarcity of land, these two centers of economic production have been deteriorating, posing a great threat to the country's economic well being(World bank,2012). To address this critical issue, the Government of Kenya (GOK) developed a roadmap towards developing a viable, modern and sustainable economic. These led to the development of a blueprint towards making Kenya an industrial and service based economy by the year 2030. The blueprint has been labelled as the "Kenya Vision 2030". (Ministry of State for Planning, National Development and Vision 2030, 2008).This vision is based on six key pillars: Tourism, Agriculture, Wholesale and retail, Manufacturing, Business Process Outsourcing (BPO) and Financial Services. The focus of this project is on the BPO and how insurance sector in Kenya can benefit by adopting it.

According to Central Bank of Kenya, the Kenyan insurance market wrote KShs. 100 billion of Gross Direct Premiums in the year 2011. It has grown at an average rate of 16% p.a. over the last 5 years. The market comprises of 45 insurance companies, transacting long-term and short-term insurance business. In addition, there are over 140 insurance brokers operating in the Kenyan insurance market. Competition is strong and therefore clear market positioning is essential. With the growth of insurance sector, it's necessary for the players to adopt value maximization techniques and IS/IT outsourcing propels this to insurmountable growth (Bank for International Settlements, 2012).

In recognition of this, the insurance sector needs to remain competitive by cutting down their operating costs by adopting technologies that would help them acquire and retain more customers, shorten transaction processing time and increase speed of disseminating information. While this is true, the cost of acquiring such technologies in terms of softwares, hardware and licenses is prohibitive for majority of the insurance companies. Given these scenario, there is one option that can provide a solution, jointly sharing of resources and expenses by the insurance companies.

The need to satisfy the demand of ICT software and hardware infrastructure has led to the growth and development of the outsourcing business. Outsourcing refers to a decision taken by an organization to contract out or sell some or all of the organization's assets, people and/or activities to a third party vendor, who in turn provides and manages the services for a certain time period and monetary fee (Bipin, 2002).

The outsourcing phenomenon is not new and has existed in the manufacturing industry for close to three decades. In the early 80's, companies relocated and still continue to relocate their manufacturing plants to countries that offered cheaper production costs mainly due to cheap labour, availability of raw materials and the availability high expertise skills. This phenomenon has seen companies save production costs and shareholder returns grow (Bipin, 2002).

### 1.2 Current Situation in Kenya

With information technology becoming a major strategic tool, majority of the insurance companies in Kenya have adopted ICTs to increase efficiency in their delivery. Outsourcing of IS/IT services is mainly limited to helpdesk, and backup and recovery services. The main reason why outsourcing of software services has not taken root is as a result of the prohibitive cost and slow Internet connection speeds. The provision of software services requires high speed and reliable connection between the service providers and the companies (Kenya ICT board, 2012).

In a bid to address this problem, the GOK, through the vision 2030, embarked on ensuring that the country has fast and cheap Internet connection. This is set to be achieved through installation of a fibre optic cable network around the major towns, and to a main International connection.

According to the Kenya ICT Strategy, the laying down of a fiber optic network in major towns is complete. This cable passes through a BPO park which the government has designated as the main outsourcing hub, while others will be established in different towns. The East Africa Submarine System (EASSY) and the East Africa Marine System (TEAMS) are the main links to the outside world and will provide high speed bandwidth of up to 540 Gbps at an affordable cost. To encourage growth in the outsourcing industry, the government zero rated taxes on all ICT equipment. In an effort to increase bandwidth and reduce Internet costs, the GOK has subscribed to two sub marine cable projects-The East Africa Submarine Cable System (EASSY) and The East Africa Marine System (TEAMS) (Ministry of Finance, 2008).

The ICT board has embarked on the development of an ICT park in the outskirts of the capital city, while they develop a model to create more parks across various cities in the country. Further, the board has entered into collaboration with major IT hardware suppliers companies, HP-Compaq and IBM, and software developers such as the Electronic Data Systems (EDS) in order to enable them develop packages that are consistent with the local business needs, ensure that local companies get hardware and software at cheaper rates and also promote the industry through their wide experience in the IS/IT outsourcing sector (Kenya Vision 2030, 2007).

## 1.3 Statement of the problem

Competitive advantage related to information technology can be described as "the use of information (technology) to gain leverage in the marketplace" (McLeod & Schell, 2001). Price Water Coopers conducted a survey in the United States among America's fastest growing companies, the conclusion arrived at was that businesses that outsource were growing faster, were larger and made more profits than those that did not. The survey further revealed that, of the companies that outsourced, 70 percent claimed to save money and 25 percent had improved focus on core business. The goals of outsourcing often include reducing labor and overhead costs, maximizing profits, dominating a market, and gaining a competitive advantage (PWP, 2000).

Several researchers have looked at the idea of outsourcing in Kenya, a case in point; Kinyua concluded that companies need to conduct careful analysis before engaging in outsourcing to minimize risks (Kinyua, 2000). In addition, Kirui concludes in his study that outsourcing of non-core logistics activities is triggered by the need to eliminate duplication of roles, efforts, and the dysfunction existing within the organization. This study focused on the factors that influence IT outsourcing in insurance companies in Kenya (Kirui, 2001).

## 1.4. Objectives

### 1.4.1. General Objective

To determine the factors that influence Information Technology outsourcing by insurance companies in Kenya.

### 1.4.2. Specific Objectives

i. To establish the significance of financial drivers in Information Technology outsourcing by insurance companies.

ii. To determine the significance of technological advancements in Information Technology outsourcing by insurance companies.

iii. To find out the significance of insurance company's focus on core competence in Information Technology outsourcing by insurance companies.

iv. To ascertain the significance of government policy in Information Technology outsourcing by insurance companies.

### 1.5. Hypothesis

In order to achieve the objectives, the study developed the following hypothesis:

i. $H0_1$: Financial drivers has no significant influence on IT outsourcing by insurance companies

ii. $H0_2$: Technological advancements has no significant influence on IT outsourcing by insurance companies

iii. $H0_{3:}$ Focus on core competence has no significant influence on IT outsourcing by insurance companies

iv. $H0_{4:}$ Government policy has no significant influence on IT outsourcing by insurance companies

### 1.6 Justification for the research

With the need for insurance companies to cut down on capital and operating costs to remain competitive in the market, IT outsourcing is a viable option. Outsourcing is one of strategic management tools employed so as to gain cost effectiveness, acquisition of non-existing skill sets and the company to focus on its core competencies.

Insurance sector in Kenya lags behind in embracing the concept of IT outsourcing. With the advent and growth of technology in Kenya, IT outsourcing offers an opportunity for insurance companies to not only keep up with the changing trends in technology and service delivery, but also achieve their goals with outmost efficiency.

### 1.7 Scope of the study

The study was carried out within Nairobi since all insurance companies have their Head offices within. The targeted respondents were personnel in charge of Information Technology in these companies. The study was confined at examining if financial drivers, Focus on core competencies, Technological advancements and Government Policies influence the adoption of IT outsourcing. The study concentrated on companies involved in IT outsourcing activities in the past 1 year. The study period is to 5 months.

### 1.8 Limitations and Delimitation of the study

The researcher anticipated unwillingness to provide information due to their sensitivity and confidentiality of the information to be provided. To overcome this fear, the researcher assured the respondents of confidentiality of information collected and it is purely for academic purposes.

# CHAPTER TWO
# LITERATURE REVIEW

## 2.1 Theoretical review

According to Glassman, outsourcing is certainly a viable option for any corporation looking to save costs associated to IT functions. However, allowing a company to remain focused on its core function can not only save costs but according to Glassman capitalize on the potential for shareholder value. Such cost reduction strategies are likewise viewed by others such as Apte as an opportunity to create a situation where " management sees outsourcing as an important option, which allows them to better leverage resources, contain costs, and focus on strategic and value-added activities" (Glassman,2000). Glassman goes on to state that "advances may arise from innovations promoted by the specialist or by enabling internal resources to focus on value adding applications because the vendor is managing the day-to-day IT needs. Further, close collaboration with an IT expert reduces the risk of falling behind competitors as technology changes" (Glassman, 2000). When a company maintains its own IT services it must keep abreast of new innovations within the field. Glassman argues that when a company's primary focus is not IT related it is easy to understand how such a company can become dated regarding innovative changes within the IT field. If Information Technology is outsourced the vendor is better positioned to be aware of new innovative developments as this is the business of the vendor. The result for the company that has outsourced is such that it benefits from the advantage of the IT vendor's specialized expertise which can directly impact the production process of the company in question.

Resource Based Theory views an organization as a collection of resources, where a resource is termed as a "fixed input, which enables a firm to perform a particular task". According to RBT, an organization can gain competitive advantage by having resources different from their competitors. A resulting competitive advantage can be sustained through the specific attributes of the resources such as the value of the resource to the company, uniqueness of the resource among current and potential competitors, imperfect immutability and non substitutability of the resource with another resource (Kern and Kreijger, 2001) .From the RBT perspective, firms will want to retain in-house activities that make use of their strategic resources since outsourcing such activities would strip them of competitive advantage. Where resources are of a lower strategic value, the firm will seek to outsource such resources since they would monopolize resources that could be put to better use elsewhere (Rundquist, 2007).

## 2.2 Empirical Review

### 2.2.1 Cost divers

According to Kenya Insurer's Association, the Kenya's information technology and mobile payment systems have also undergone a recent transformation and the country now has M-Pesa (launched in 2008), one of the most developed mobile payment systems. Insurance companies have used this technology, introducing a platform called M-BIMA by CIC Insurance. The utilization of Safaricom's M-PESA platform has increased the revenue stream by CIC insurance. This has reduced the operational costs by utilizing another company's platform and improving service delivery and enhancing customer satisfaction. It helped CIC utilize new technologies in its operations (The Kenya Insurer, 2012).

UK Government's National Employees' Savings Trust awarded TCS a service contract worth more than US$900 million for 10 years for services such as employer participation, member enrolment, collection and reconciliation, cash management, accessing pension savings and administration of accounts. The service contract commenced on October 2010.The UK government outsourced most of its Information Systems processes managing the pension funds to TCS reducing the infrastructural burden and hence reducing operating costs (TCS.com, 2010).

**2.2.2 Focus on core competencies**

Allianz Life Insurance Company of North America (Allianz) offers an extensive portfolio of financial products, including fixed and variable annuities, life insurance policies, and long-term care insurance products. The company wished to concentrate on its core business and free up resources to focus on relationship-based activities rather than processing regular transactions. It therefore called on TCS BPO to take on the servicing of all business units, including new business, policy administration, policy holder benefits, claims, and agency services as well as conducting quality audits for variable and fixed business lines. The TCS BPO team set up an offshore operations team for Allianz that focused on improving efficiency and better process adherence. TCS began the engagement by studying the operations of Allianz and established detailed documentation of all the processes in the East Campus. These documents and artifacts identified all activities that could be handled remotely and also highlighted the hand-offs and workflow needs, thus minimizing the risk of disrupting the operations of a campus. The team provided Allianz with overall business processing support in moving work from one location to another and also helped the company in enterprise-wide change management during the transition period by conducting cultural awareness sessions wherever necessary (TCS.com,2012).

The Chartered Insurance Institute does refer, however, to two non-U.K. studies which suggest that the claims function is not a core activity and that a large number of insurance companies were driven to outsourcing by competitive pressures. Trade and practitioner journals appear to confirm,

however, the growth in the phenomenon across a number of areas of insurance company operation. The areas where there appears to be the greatest amount of activity are IT services and claims. Clearly if an insurer places such great store on its in-house claims service and decides to pursue this at the expense of outsourcing, it must have adequate resources in place (CII, 1990).Increasingly for high-volume business this involves sophisticated IT systems, but primarily it requires adequate staffing both numerically and in terms of expertise (Essen, 2001).

Ricoh provides outsourced document services for a leading Fortune Global 500 insurance company. Ricoh processes more than 60 million documents a year for the insurer, using closed loop production systems which eliminate business risk. Outsourcing mission critical document processes to Ricoh improved customer service levels and reduced costs**.** Ricoh's customer, a Fortune Global 500 insurance company, was keen to outsource document intensive business processes. By establishing a partnership with a trusted third party supplier, the insurer expected to improve process efficiency and enhance customer service levels whilst minimizing costs. Given the mission critical nature of the documents, the service had to be securely managed and risk-free (Ricoh Europe PLC, 2012).

### 2.2.3 Technological advancements

With a vision to be the "most professional life insurance company in the world, global insurance company Manulife must be responsive, service oriented, and customer focused for the millions of clients it serves in 22 countries around the world." Over the past decade, Manulife has quadrupled in size to C$437 billion of funds under management (as of 30 September, 2009), while seeing its employee population double in that timeframe to 59,000. Growth has been some-thing to celebrate for Manulife since going public in 1999 (Manulife homepage, 2013). Growth comes with burdens and Manulife had to adopt measures to sustain it. Outsourcing is one tool of many that Manulife uses to fulfill its growth, business, and operational strategies. It's first large- scale outsourcing program began over seven years ago and would grow to encompass approximately 80 percent of its entire IT infrastructure. As with most programs, outsourcing has grown in use, efficiency and value as the program matured over the years for both infrastructure and applications. With an approximate five percent efficiency gain each year, Manulife has been able to self-fund volume growth in its infrastructure and operations—even when there have been dramatic needs, such as storage requirements increasing nearly triple-digit percent over the last several years. Outsourcing enables Manulife to modernize its infrastructure frequently, accommodate growth, and deploy new capabilities without making large capital expenditures (Manulife financial fact sheet, 2009).

Aviva Life, the U.S. subsidiary of the world's sixth-largest insurance group, saw demand growing for indexed annuities and wanted to rapidly introduce a new product to serve that market. CSC provided product development and applications management support for Aviva's core

administration systems, VANTAGE-ONE and LIFE/70. CSC's VANTAGE-ONE is the industry's leading system for processing annuities, used by 15 of the top 20 U.S. life insurers. By outsourcing the day-to-day maintenance and some development activities to India, Aviva benefits from offshore employees trained on CSC's life insurance systems and supervised by a team of senior-level programmers for nearly 70 percent off the hourly rate of their U.S.-based counterparts (CSC,2006)
At the beginning of the 1990s, the concept of IS/IT outsourcing was introduced, and has since evolved into massive global practice. According to Kern et al (2001), the evolution has been as a result of the following catalysts. First, the growing demand for ICTs (software, hardware and expertise) in the daily operations of organizations. Secondly, the increasing use of the Internet as a delivery form of data and information. The IS/IT outsourcing business has grown to an over $150 billion industry in 2004, and studies carried out by American research firm, IDC, indicate that between 2006 and 2010, there will be an annual growth of 6.3%, leading to a spending of US$.1.48 trillion by 2010 (Plunkett Research Group, 2008).

Following the global business trends characterized by rapid development of Information and Communication Technologies (ICTs), competitive pressures, change in economies and cost containment drivers, it has become incumbent upon organizations to device strategies that would see them increase both shareholder and customer value, while eliminating time and money wasting processes. Business and Academic researchers have argued that one way of achieving these strategies is through the elimination of non-core functions by contracting third parties to do them.

Further in the research carried out by IDC, results indicate IS/IT outsourcing can provide organizations with appropriate ICT resources and capabilities. This concept provides that organizations can reap the benefits of ICTs through renting/leasing hardware and software services over the Internet or other dedicated networks rather than owning and maintaining the computer system.

### 2.2.4 Government Policy

According to a World Institute for Development and Economic Research (Bhavani, 2002), there is sufficient evidence to support the hypothesis that there is a positive relationship between ICT alignment and the firm's performance. Research findings by Seyal et al (2002), supports these observation by concluding that the use of ICT has become more sophisticated and that ICTs can be used as strategic weapons to maintain competitive advantage.

The acquisition of these ICT is however prohibitive as a result of the initial costs required to acquire manpower, software and hardware facilities. This leaves the organizations the option of either making or leasing the ICT services. In the context of Kenya, this argument is true. According to a

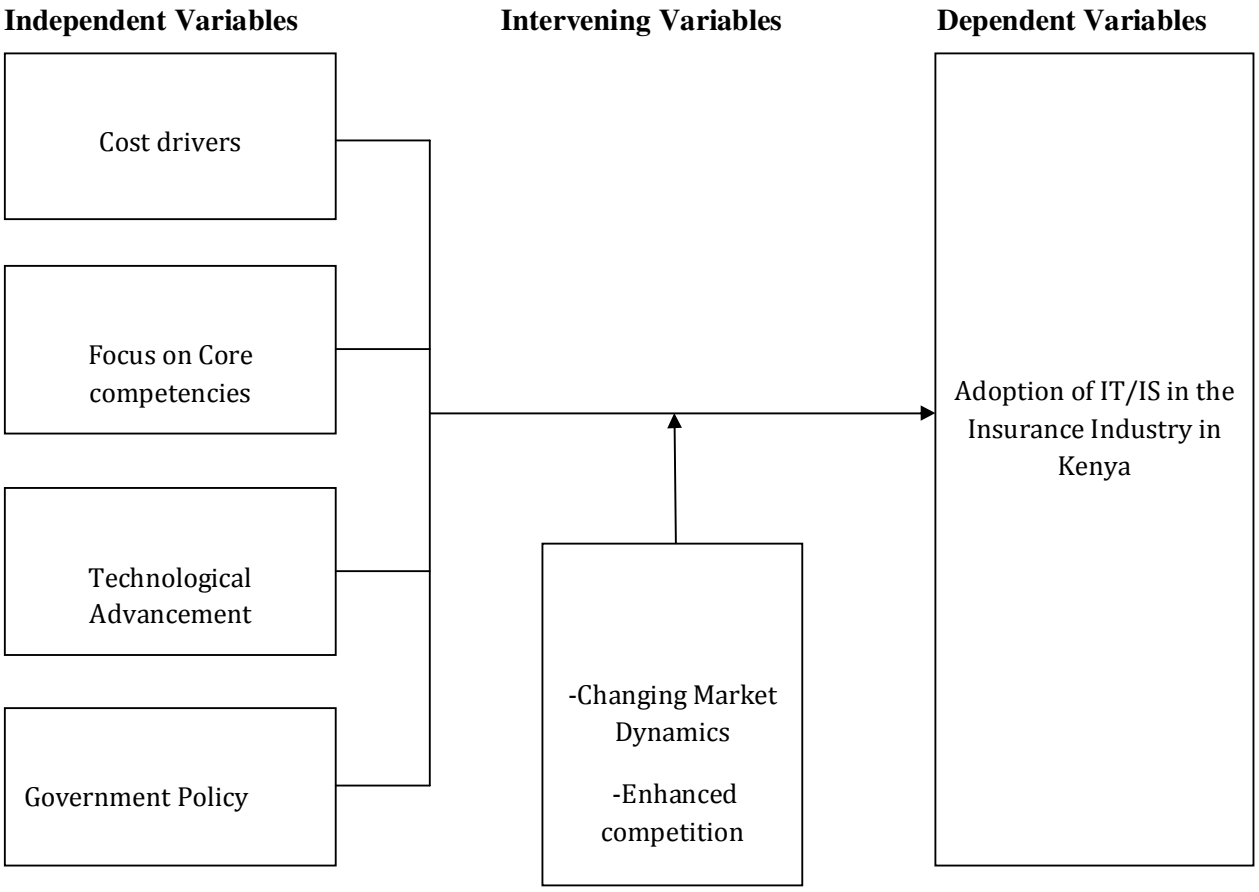
World Bank survey done in 2008, Kenya is ranked number 72 out of 178 world economies, and despite an improvement by 10 positions from the previous survey, costly licensing requirements, high taxes and poor infrastructure contribute to high costs of doing business (World Bank, 2008). The option of leasing ICTs provides a means for the insurance companies to leverage the advantages of IS/IT in their business. If an organization chooses to procure ICT from third parties, they have a whole international arena to choose from, and this is because of the increased use of Internet which makes the world borderless. The advantages of outsourcing cannot be overstated. It provides the insurance companies access to expertise not available internally, softwares and hardware that is paid as-per-use, offering them flexibility, high quality service at reasonable costs.

According to the Kenya ICT Strategy, the laying down of a fiber optic network in major towns is complete. This cable passes through a BPO park which the government has designated as the main outsourcing hub, while others will be established in different towns. The East Africa Submarine System (EASSY) and the East Africa Marine System (TEAMS) are the main links to the outside world and will provide high speed bandwidth of up to 540 Gbps at an affordable cost. To encourage growth in the outsourcing industry, the government zero rated taxes on all ICT equipment. In an effort to increase bandwidth and reduce Internet costs, the GOK has subscribed to two sub marine cable projects-The East Africa Submarine Cable System (EASSY) and The East Africa Marine System (TEAMS). (Ministry of Finance, 2008)

The ICT board has embarked on the development of an ICT park in the outskirts of the capital city, while they develop a model to create more parks across various cities in the country. Further, the board has entered into collaboration with major IT hardware suppliers companies, HP-Compaq and IBM, and software developers such as the Electronic Data Systems (EDS) in order to enable them develop packages that are consistent with the local business needs, ensure that local companies get hardware and software at cheaper rates and also promote the industry through their wide experience in the IS/IT outsourcing sector (Kenya Vision 2030, 2007)

## 2.3 Conceptual framework

**Figure 2.1: Conceptual framework 1**




**(Source: Conceptualization of the author)**

The first objective of the study was to establish whether financial drivers is a factor that will influence an insurance company in Kenya to outsource IT. With the current situation in the insurance industry, most of the companies are not favoured by the underlying economies of scale. The insurance industry in Kenya is a key revenue stream for the Kenyan economy, but the operational costs are proving prohibitive for most starting and existing insurance companies to stay afloat in this competitive environment. The research magnified this and brought out cost driver as a key influence in IT outsourcing.

The second objective of the research was to establish whether technological advancement influence IT outsourcing by the insurance companies in Kenya. Most insurance companies cannot keep pace with the ever changing technological advancements. Embracing technology as the next frontier of economical growth is no longer a dream but a reality. There are various technologies such as mobile internet, online services, integrated telecommunication services and cloud computing which have

powered various companies to the next level of growth and strategic advantage. With the limited resources, most insurance companies in Kenya, find it increasingly difficult to keep up with the ever changing technological advancements. The researcher administered questionnaires to establish the correlation between technological advancements and insurance companies in Kenya adopting IT/IS outsourcing.

The third objective was to establish whether insurance company's focus on core competencies will influence IT outsourcing. Insurance companies in Kenya have several core competencies such life insurance, health covers, motor vehicle covers, Personal accident, Fire accidents, Theft, Aviation and many more. Insurance companies in Kenya will concentrate on their core competencies by outsourcing some of their IS/IT functions. The researcher sought to establish that focus on core competence is a causal factor for insurance companies in Kenya adopting IT/IS outsourcing as a viable option.

Lastly, the researcher sought to establish whether Government policies will necessitate IT outsourcing .Taxation, Licensing options and other governing laws may influence IT outsourcing. The researcher sought to establish a correlation between government policies and its influence on the adoption of IT/IS outsourcing.

# CHAPTER THREE
# RESEARCH METHODOLOGY

## 3.1 Research Design

The study was quantitative and a survey on the factors influencing the adoption of IT/IS outsourcing was conducted. This type of design was used because one or more variables, apart from the independent variable in question, would be the causal factor of the expected variations on the dependent variable.

## 3.2 Target population

The research targeted all the 49 registered insurance companies (See appendix II).The registration of such companies is done by the Association of Kenya Insurers (AKI), which is a government insurance advisory body whose mandate is to ensure compliance to the insurance code of ethics.

## 3.3 The Sample design and Size

To calculate the sample size the Researcher used the formula below provide by Mugenda(2008).

$$ss = \frac{N}{1 + N(e)^2}$$

Where ss is the sample size, N the target population and e is the error term.

Using the above formula, with a target population of 49 insurance companies, a level of significance of 0.05.The expected sample size was 44 insurance companies.

## 3.4 Data Collection

The research questionnaire was administered in two ways. It was self administered in companies where there was no ample time for both the researcher and the respondents to have a one-on-one session. Secondly, the researcher personally administered the questionnaire to respondents. The questionnaire contained both structured and unstructured questions.

## 3.5 Validity and Reliability

In order to ensure validity and reliability, the questionnaires were constructed to avoid indistinctness. Pre-Test was carried out with dummy participants to establish the gaps in the questionnaire.

### 3.6 Data Analysis

Collected data was edited, coded, classified and tabulated with regard to type and source. Data will be analyzed for descriptive and inferential statistics. Various attributes for the factors: Focus on core competencies, Government policies, Technological advancements, and financial drivers will be used to explain the relationships. Chi-Square test was utilized to establish the relationship between the factors and Adoption.

### 3.7 Ethical considerations

This research was carried out with full consideration of the ethical implications it may have to the respondents during the course of the study. In accordance to the research guidelines set by the university, the Fast Track Ethical form will be filled and approved for the purpose of this research.

# CHAPTER FOUR

# DATA ANALYSIS, DISCUSSIONS AND PRESENTATIONS

## 4.1 Introduction

This study sought to determine the factors influencing adoption of information technology outsourcing in the insurance sector .The questionnaires were given to 49 insurance companies within Nairobi and the response rate was 82% (n=40). Below are the results of the data analysis.

### 4.1.1 Response rate

There are 49 insurance companies in Kenya, as registered by the Association of Kenya Insurers (AKI). Since these population is not too big, the research sample included all the 49 companies. Questionnaires were hand delivered at the Headquarters in Nairobi. Of the 49 questionnaires send, only 40 were received. Of the 9 that failed to respond, 5 of them were barred by their company policy to respond as they consider outsourcing to be a sensitive issue. Despite requesting for the questionnaire for a second or third time, the remaining 4 companies did not respond, even after the researcher made numerous telephone follow-ups.

**Table 4.1. Response rate**

| Number of questionnaires issued | Number of questionnaires received | Response rate (%) |
|---|---|---|
| 49 | 40 | 82% |

Source: Research data (2014)

## 4.2 Descriptive Statistics

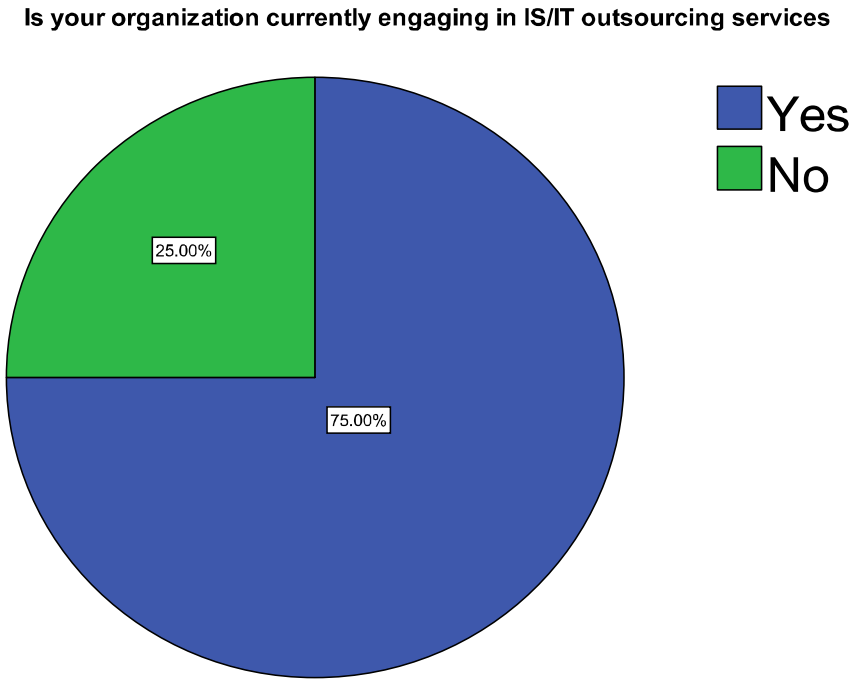
This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics used are the means, modes, medians and standard deviations. The descriptive statistics helped to develop the basic features of the study and form the basis of virtually every quantitative analysis of the data. The results were presented in terms of the study objectives**.**

### 4.2.1 General Information

The sample characteristics included the size and the age of the organization. Among the companies studied, the size ranges from 40 to 700 while the age of the organization was between 10 and 84 years of operation.

The companies currently involved in IT outsourcing according to the studied were 75% (n=30) while those are not or planning to do so in the coming future were 25% (n=10).

**Figure 4.1: The figure below shows a summary of the general information**




### 4.2.2 Views on drivers on IS/IT outsourcing

The respondents were asked to provide information of the drivers that do influence outsourcing of information technology. The question sought to find out general perception of the insurance companies on the factors that influence Information Technology outsourcing.

#### 4.2.2.1 Financial drivers' information

During the study, the companies were asked the major factors that influence Information technology outsourcing relating to the areas of cost. Most respondents cited that among the financial drivers that affect IT outsourcing: meet downsizing requirements (Chi-Square P= 0.012) was the major aspect, reducing operation requirements (Chi-Square P= 0.023), reduce product development time (Chi-Square P= 0.023), reducing capital investment (Chi-Square P= 0.035), and Turn fixed cost into variable costs (Chi-Square P= 0.035).

These results showed significant relationship with the various aspects of financial drivers that influence IT outsourcing by the respondents

**Table 4.2 Financial drivers aspects table**

**Test Statistics**

| | reducing cost | reducing capital investment | fixed cost into variable cost | Meet downsizing requirements | reduce Product development time |
|---|---|---|---|---|---|
| Chi-Square | .023[a] | .035[a] | .046[a] | .012[a] | .023[a] |
| df | 1 | 1 | 1 | 1 | 1 |
| Asymp. Sig. | .011 | .028 | .011 | .001 | .011 |

With this view, most companies believed that meeting downsizing requirements is one of the aspects of financial drivers that influence the insurance companies need to outsource. Cost reduction is also a major influence on insurance companies in IT outsourcing. According to Glassman, outsourcing is certainly a viable option for any corporation looking to save costs associated to IT functions (Glassman, 2000).

#### 4.2.2.2 Core Competence Information

Insurance companies were also asked their views on the core competence as a factor that influence IT outsourcing. Most respondents felt that aligning with the organization policy (Chi-Square P-value =0.012) was the major aspects of focus on core competence to outsourcing, gain access to technology (Chi-Square P-value =0.023), getting access to needed skills(Chi-Square P-value =0.032), providing alternative to building capacity (Chi-Square P-value =0.043), and providing back-up capabilities (Chi-Square P-value =0.045).

The results showed a significant relation of the various aspects of core competencies to IT outsourcing by the respondents.

In his Argument,(Glassman,2000), allowing a company to remain focused on its core function can not only save costs but according to Glassman capitalize on the potential for shareholder value. Glassman echoed that IT vendors are in a better position to access the most up-to-date technology and needed expertise in insurance companies who core activity is not IT service provision

**Table 4.3 Non core competencies aspects table**

**Test Statistics**

| | Gain access Technology | Get access to Needed skills | providing alternative to building capacity | Provide Back-up capability | Align policy |
|---|---|---|---|---|---|
| Chi-Square | .023[a] | .032[a] | .043[a] | .045[a] | .012[a] |
| df | 1 | 1 | 1 | 1 | 1 |
| Asymp. Sig. | .028 | .273 | .715 | .715 | .028 |

#### 4.2.2.3 Technology advancement information

The study also sought to find out whether technological advancement was a factor that influenced IT outsourcing. Various aspects of technological advancements were studied that influenced insurance companies to outsource IT. The results from the respondents noted Customer care support (Chi-Square P-value =0.053), Software (Chi-Square P-value =0.053), Mobile applications (Chi-Square P-value =0.013), Hardware Maintenance (Chi-Square P-value =0.013), Telecommunication (Chi-Square P-value =0.033), Computer network (Chi-Square P-value =0.041) and E-Business (Chi-Square P-value =0.000) were significant.

Glassman goes on to state that "advances may arise from innovations promoted by the specialist or by enabling internal resources to focus on value adding applications because the vendor is managing the day-to-day IT needs. Further, close collaboration with an IT expert reduces the risk of falling behind competitors as technology changes" (Glassman, 2000). When a company maintains its own IT services it must keep abreast of new innovations within the field. Glassman argues that when a company's primary focus is not IT related it is easy to understand how such a company can become out- dated regarding innovative changes within the IT field.

**Table 4.4.Technological advancements aspects information table**

**Test Statistics**

| | Mobile applications | Customer service | Hardware Maintenance | Software | Telecommunication services | Computer Network | E-Business |
|---|---|---|---|---|---|---|---|
| Chi-Square | .013[a] | .053[a] | .013[a] | .053[a] | .033[a] | .041[a] | .000[a] |
| df | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Asymp. Sig. | .715 | .003 | .144 | .003 | .068 | .144 | 1.000 |

#### 4.2.2.4 Government Policy information

The respondents were also asked to give their view on how government policies influence a company's decision to outsource IT/IS services. Key aspects of Taxation, government laws and regulation, E-governance (government initiative to adopt IT services in its service delivery) and Business process outsourcing initiatives. The results from the respondents showed; Taxation (Chi-Square P-value =0.715), Laws and Regulations (Chi-Square P-value =0.068), E-governance (Chi-Square P-value =1.200), Business Process Initiatives (Chi-Square P-value =3.333).The results showed insignificant relation between Government policy and IT outsourcing.

Over and above the BPO initiatives by the Kenyan Government encouraged few companies to outsource. Majority of them cited that Government policies played a minimal part in their decisions to adopt IT outsourcing as a strategy.

**Table 4.5 Government aspects information table**

**Test Statistics**

| | Taxation | Law and requlation | E-governance | Business process outsourcing initiatives |
|---|---|---|---|---|
| Chi-Square | .133[a] | 3.333[a] | 1.200[a] | 3.333[a] |
| df | 1 | 1 | 1 | 1 |
| Asymp. Sig. | .715 | .068 | .273 | .068 |

### 4.3 Drivers behind insurance companies outsourcing IT functions

When the companies were asked to rank the main factors that influence adoption of information outsourcing, most of the companies both currently outsourcing and those that were planning to outsource cited focus on core competence as highly significant (P-Value = 0.012) was the most important factor and with the most priority. A summary of ANOVA analysis of the four factors showed that; Financial drivers (P-value=0,013), Government policy (P-Value =0.630), Focus on Core competence (P-Value=0.012) and Technological advancements (P-Value = 0.045).The results show that Government policy was insignificant since the P-Value was greater 0.05.

**Table 4.6 .Summary ANOVA table of the Four factors**

**ANOVA**

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Financial drivers | Between Groups | .533 | 1 | .533 | .944 | .013 |
| | Within Groups | 21.467 | 38 | .565 | | |
| | Total | 22.000 | 39 | | | |
| Government policy | Between Groups | .133 | 1 | .133 | .236 | .630 |
| | Within Groups | 21.467 | 38 | .565 | | |
| | Total | 21.600 | 39 | | | |
| Focus on core competence | Between Groups | 1.008 | 1 | 1.008 | 2.560 | .012 |
| | Within Groups | 14.967 | 38 | .394 | | |
| | Total | 15.975 | 39 | | | |
| Technological Advancement | Between Groups | 3.333 | 1 | 3.333 | 3.612 | .045 |
| | Within Groups | 35.067 | 38 | .923 | | |
| | Total | 38.400 | 39 | | | |

Cost reduction strategies are likewise viewed by others as an opportunity to create a situation where " management sees outsourcing as an important option, which allows them to better leverage resources, contain costs, and focus on strategic and value-added activities" (Glassman,2000).

### 4.4 Degree of IT outsourcing

During the study, the companies were also asked the degree of IT/IS outsourcing and most of the currently outsourcing companies are involved in cloud services (50%) while the ones planning to outsource would be involved in educational technologies (17.5%). The table below shows the rest of the areas and their responses.

**Table 4.7 IT services that can be outsourced**

| | **Outsourcing IS/IT Companies** | **Non-outsourcing IS/IT Companies** |
|---|---|---|
| Accounts and Access | 32.5% (n=13) | 15% (n=6) |
| Backup & Storage | 42.5% (n=17) | 15% (n=6) |
| Communications and collaboration | 25% (n=10) | 7.5% (n=3) |
| Desktop Computing & Support | 20% (n=8) | 7.5% (n=3) |
| Email and Calendar | 32.5% (n=13) | 15% (n=6) |
| Help & Training | 42.5% (n=17) | 15% (n=6) |
| Networks & Connectivity | 45% (n=18) | 10% (n=4) |
| Research Computing | 20% (n=8) | 10% (n=4) |
| Security | 10% (n=4) | 12.5% (n=5) |
| Servers & Data | 30% (n=12) | 10% (n=4) |
| Software & Business Applications | 47.5% (n=19) | 7.5% (n=3) |
| Web & Collaboration | 35% (n=19) | 12.5% (n=5) |
| Application Development and Support | 35% (n=14) | 17.5% (n=7) |

| | | |
|---|---|---|
| Community-Hosted Services | 25%<br>(n=10) | 12.5%<br>(n=5) |
| Customer Support and Engagement | 27.5%<br>(n=11) | 12.5%<br>(n=5) |
| Educational Technologies | 25%<br>(n=10) | 17.5%<br>(n=7) |
| Infrastructure Services | 27.5%<br>(n=11) | 12.5%<br>(n=5) |
| Production Services | 40%<br>(n=16) | 12.5%<br>(n=5) |
| Cloud services | 50%<br>(n=20) | 15%<br>(n=6) |
| None | 10%<br>(n=10) | 10%<br>(n=4) |
| | | |

Cloud services is viewed as the new frontier of business where sharing of infrastructure and software, scaling of business capacities to boundless heights as a key motivation for many companies outsourcing cloud services. It offers limitless capabilities in terms of support of other technologies and disparate systems.

### 4.5 Inferential statistics

This section presents the results of the correlation and linear regression analysis done in the study to assess the nature of the relationship between the dependent and independent variables.

#### 4.5.1 Focus on Core Competence and IT outsourcing by the insurance companies

An assessment of the relationship between focus on core competence and adoption was done and the findings showed that there is a relationship between core competence and outsourcing of information (Chi-square P-Value = 0.028). The respondents cited that core competence was significant in terms of influencing IT outsourcing.

The same idea is still propagated by Glassman who views that management sees outsourcing as an important option, which allows them to better leverage resources, contain costs, and focus on strategic and value added activities (Glassman, 2000).

**Table 4.8 shows significance of Core competence and IT outsourcing**

| | | Is your organization currently engaging in IS/IT outsourcing services | | |
|---|---|---|---|---|
| | | Yes | No | **P-Value** |
| **core competence** | most priority | 16 | 8 | 0.0280 |
| | Moderate priority | 11 | 2 | |
| | priority | 3 | 0 | |
| | Total | 30 | 10 | |

### 4.5.2 Financial drivers and IT outsourcing

There was scientific significance between reducing operation cost and outsourcing of information. (Chi-square P-Value=0.001).This result shows that there Financial drivers were highly significant for respondents in terms of IT outsourcing. Reduction of costs plays a key role in influencing adoption of IT outsourcing. In his extract, Glassman reiterates that outsourcing is certainly a viable option for any corporation looking to save costs associated to IT functions (Glassman, 2000).

**Table 4.9. Significance of financial drivers and IT outsourcing**

| | | Is your organization currently engaging in IS/IT outsourcing services | | |
|---|---|---|---|---|
| | | Yes | No | **P-Value** |
| **Financial drivers** | most priority | 18 | 7 | 0.001 |
| | Moderate priority | 8 | 3 | |
| | priority | 3 | 0 | |
| | lest priority | 1 | 0 | |
| | Total | 30 | 10 | |

### 4.5.3 Technology advancements and IT outsourcing

There was scientific significance between technology changes and outsourcing of information (Chi-square P-Value=0.0375).There was significance between Technological advancements and IT

outsourcing. Keeping up with emerging technologies has influenced the respondents to adopt IT outsourcing. Glassman further emphasizes that, close collaboration with an IT expert reduces the risk of falling behind competitors as technology changes" (Glassman, 2000). When a company maintains its own IT services it must keep abreast of new innovations within the field.

**Table 4.10 Significance of Technological advancements and IT outsourcing**

| | | **Is your organization currently engaging in IS/IT outsourcing services** | | |
|---|---|---|---|---|
| | | Yes | No | **P-Value** |
| **Technology advancements** | most priority | 6 | 4 | 0.0375 |
| | moderate priority | 9 | 4 | |
| | priority | 10 | 2 | |
| | lest priority | 5 | 0 | |
| | Total | 30 | 10 | |

### 4.5.4 Government Policy and IT outsourcing

There was no significant relationship between government policy and outsourcing of information. No company considered government policy environment as a most priority when making IT outsourcing decisions (Chi-square P-value=0.079).The results showed that there was no significance of Government policy and IT outsourcing.

**Table 4.11. Shows the Analysis of significance of government policy in relation to IT outsourcing**

| | | Is your organization currently engaging in IS/IT outsourcing services | | |
|---|---|---|---|---|
| | | Yes | No | **P-Value** |
| **Government policy** | moderate priority | 10 | 3 | 0.0789 |
| | priority | 14 | 4 | |
| | lest priority | 6 | 3 | |
| | Total | 30 | 10 | |

**Table 4.12. Summary of the significance of the four factors influencing IT outsourcing.**

**Test Statistics**

| | Financial Drivers | Focus on core competencies | Technological advancements | Government policy |
|---|---|---|---|---|
| Chi-Square | .001[a] | .028[b] | .037[a] | .079[b] |
| df | 3 | 2 | 3 | 2 |
| Asymp. Sig. | .000 | .000 | .284 | .218 |

In conclusion, Financial drivers was highly significant with (Chi-square-0.001),Focus on core competencies (Chi-square-0.028),Technological advancements(Chi-square-0.037) .Government policy(Chi-square-0.079) had no significance since the $P > 0.05$.

### 4.5.5 Correlation analysis

Correlation is established with factor with coefficients between -1 and 1.It was established that there was a correlation between Technological advancements and government policies (co-efficient=0.030).This was due to the fact that most respondents who viewed Technological advancement with the most priority also selected government policies as of priority. There was no correlation between Technological advancements between Core competence and financial drivers with coefficients -311 and -356 respectively. Most respondents viewed that technological

advancement came with increased costs and it did not affect the core-competence of the companies in terms of IT outsourcing.

In government policy, there was noted correlation between Government policy and Technological advancements (Coefficient=0.030).Most respondents viewed that the government policies influence acquisition of new technologies. There was also a correlation between government policy and Financial drivers (coefficient=0.039).Respondents viewed that government policies such taxation can reduce cost hence influence the financial drivers which in turn influence IT outsourcing.

It was also established that focus on core competence had no correlation with the other factors; Technological advancements, Government policy and financial divers with co-efficients = -0.311,-0.062 and -0.010 respectively.

As for financial drivers there was a correlation between financial drivers and government policy (coefficient=0.039).Whilst there was no correlation of the same with the other factors. This was due to the fact the government policies directly influence Taxation, licensing and so forth. The correlations are summarized below.

**Table 4.13.Correlation table of the factors influencing IT outsourcing**

**Coefficient Correlations[a]**

| Model | | | Technology advancements | Government policy | core competence | Financial drivers |
|---|---|---|---|---|---|---|
| 1 | Correlations | Technology advancements | 1.000 | .030 | -.311 | -.356 |
| | | Government policy | .030 | 1.000 | -.062 | .039 |
| | | core competence | -.311 | -.062 | 1.000 | -.010 |
| | | Financial drivers | -.356 | .039 | -.010 | 1.000 |

### 4.6. Hypotheses testing

In this section the hypotheses are tested and implications discussed.

**$H0_1$: Financial drivers has no significant influence on IT outsourcing**

Chi-square results showed that Financial drivers greatly significantly influenced IT outsourcing (Chi-square P-Value=0.001) and thus the null hypothesis was defeated. The implication is that Financial drivers which focus on the reduction of costs, meeting downsizing requirements, reducing operational cost and reducing product development time is a key factor that influence IT outsourcing by insurance companies.UK Government's National Employees Saving Trust outsourced most of its information systems processes managing the pension funds to TCS hence reducing its infrastructural burden and reducing operating costs as a result (TCS,2010).

**$H0_2$: Technological advancements has no significant influence on IT outsourcing**

Chi-square results revealed that Technological advancements significantly influenced insurance companies decision to outsource IT (Chi-square P-Value=0.0375) and thus the null hypothesis was rejected. This shows that technological advancements is a factor that influences an insurance company in IT outsourcing. According to Plunkett Research group, IS/IT outsourcing can provide organizations with appropriate ICT resources and capabilities. With this concept organizations can reap the benefits of rapid changing technologies (Plunkett Research group,2008).Rapid changing technologic advancements will greatly influence IT outsourcing by insurance companies.

**$H0_3$: Focus on core competence has no significant influence on IT outsourcing**

Chi-square results revealed that focus on core competence significantly influenced insurance companies to IT outsourcing (Chi-square P-Value = 0.028) and thus the null hypothesis was rejected. Insurance companies outsourcing of its non-core activities has played as a factor in IT outsourcing. The chartered insurance Institute does refer, however, to two non-UK studies which suggest that the claims function and IT services are not core activities and that large companies were driven to outsourcing by competitive pressures. Holistically, these two activities require adequate staffing both numerically and in terms of expertise (Essen,2001).

**$H0_4$: Government policy has no significant influence on IT outsourcing**

Chi-square results revealed that Government policy environment did not significantly influence insurance companies on IT outsourcing thus the null hypothesis was accepted. No company considered government policy environment as a most priority when making IT outsourcing decisions (Chi-square P-value=0.079).According to world survey in Kenya, Acquisition of ICT is

prohibitive as a result of the initial costs required to acquire manpower, software and hardware facilities. According to the same survey, Kenya is ranked 72 out of 178 world economies but costly licensing requirements, high taxes and poor infrastructure contribute to high costs of doing business (World Bank, 2008).In this case Government policies negatively impact IT outsourcing in Kenya.

# CHAPTER FIVE
# SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter provides a detailed summary of the major findings of the actual study; it then draws conclusions and discusses implications emanating from these findings. Finally, it makes some recommendations and suggestions on areas of further study. The general objective of this study was to determine the factors that influence IT outsourcing by insurance companies in Kenya. In specific, the study sought to establish the relationship between Financial drivers, Focus on core competence, Technological advancements and Government policy environment and adoption of IS/IT outsourcing by insurance companies in Kenya.

## 5.2 Summary of Major Findings

The findings show that the longer the year of operation the more likely the companies will outsource or is currently outsourcing. In addition, the bigger size companies also are currently engaged in outsourcing or planning to do so.

Among the factors studied, most companies outsource to reduce operation costs (Chi-square P-Value=0.001) which showed that their significant relationship between financial drivers and adoption of Information Technology outsourcing. Focus on core competence (Chi-square P-Value=0.028) and Technological advancements (Chi-square P-Value=0.037). On the hand, government policy (Chi-square P-Value=0.079) was seen as having little or no effect on outsourcing. On a ranking scale majority of the companies cited that reducing operational costs were given most priority as a factor in IT outsourcing while government policy was given least or no priority at all.

In terms of degree of outsourcing, 50% of the insurance companies were involved in outsourcing of cloud services, while security (10%) was highlighted as the least outsourced as most insurance companies felt this was a sensitive area which should be managed in-house rather than be outsourced.

In terms of financial drivers on influence on adoption, meeting downsizing requirements was given the most priority (P-Value=0.012), whilst turning fixed costs into variable costs (P-Value=0.046) the least when it came to financial drivers. On Focus on core competence, aligning with organizations policy (P-Value=0.012) was highlighted as the key contributor when it came to outsourcing their non-core activities. On Technological advancements, E-business (P-value=0.000) was highlighted the major influences on the adoption. Lastly, Government policy environment was

revealed as to have insignificant effect on adoption. Most companies would continually like to reduce their operational costs irrespective of the policy environment.

It was also established that there is only there was only one correlation between Financial drivers and Government policy (Coefficient=0.039).Yet there was insignificant correlation with the other factors.

### 5.3 Conclusions

The study findings have revealed that the financial drivers and focus on core competence are the major factor that influences insurance companies to outsource IT. The other factors; focus on core competence and technological advancements also play a key role in insurance companies decisions to perform IS/IT outsourcing. It was further established that other factors apart from the four objectives were responsible for insurance companies' decision to outsource IT and hence this opens an avenue for further research. The study concludes that there is a relationship between the financial drivers, Focus on core competence and technological advancement and IT outsourcing. Government policy had an insignificant impact on IT outsourcing.

### 5.4 Recommendations for further research

This study objective was to determine the factors that influence IT outsourcing by insurance companies in Kenya and was limited to only four factors; Financial drivers, Focus on core competence, Technological advancements and Government policy. Thus further research should be carried out to bring forth the other factor that play a role in influencing IT outsourcing in insurance companies in Kenya.

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## APPENDIX ONE - THE RESEARCH QUESTIONNAIRE

**Questionnaire Identification Number: _____**

This questionnaire seeks to establish the factors that influence information System/ Information Technology (IS/IT) outsourcing among Insurance companies within the Nairobi region. We request you to take time and kindly respond to the questionnaire.

**Section A: General Information**

1. **Size of organization (Number of employees)**

   _____

2. **Age of the organization (Years of operation)_____**

3. In your view, what are the drivers behind insurance companies outsourcing IS/IT functions? Please rank the reasons based on priority if more than one.

**(In a scale of 1-4 where 1 has the most priority, 2-Moderate Priority,3-Priority,4-Least Priority)**

| | **RANK** |
|---|---|
| Reducing operation costs | _____ |
| Government Policy | _____ |
| Focus on core competence | _____ |
| Rapid technological changes. | _____ |

(This question intends to establish the knowledge on the factors that influence outsourcing)

4. Is your organization currently engaging in IS/IT outsourcing services? **(Tick where appropriate)**

   Yes ☐ No ☐

   - If yes, proceed to section B
   - If no, proceed to section C

(This question seeks to establish whether an insurance company is currently involved in IS/IT outsourcing or not)

**Section B. Organizations that are currently engaged in outsourcing services**

1. What is the degree of IS/IT outsourcing in your company?

(Out of the 19 areas of outsourcing, how many is your company involved in. (**Tick the options below)**

Accounts and Access
Backup & Storage
Communications and collaboration
Desktop Computing & Support
Email and Calendar
Help & Training
Networks & Connectivity
Research Computing
Security
Servers & Data
Software & Business Applications
Web & Collaboration
Application Development and Support
Community-Hosted Services
Customer Support and Engagement
Educational Technologies
Infrastructure Services
Production Services
Cloud services
None

(This question to intends to establish the degree of IT/IS outsourcing by the insurance companies)

2. What major aspects of cost drivers influenced the adoption of IT/IS outsourcing by your company?

Reducing operational costs
Reduce capital investment
Turn fixed cost into variable costs
Meet downsizing requirements
Reduce product development time
Others_____

(This question is designed to find out the nature of costs that influenced the adoption of IT/IS outsourcing by the company.)

3. What led to your company outsourcing its non-core competence operations?

Gain access to technology not in the company
Get access to needed skills

Provide alternatives to building capacity

Provide back-up capabilities

Align with organizations culture/policy

Others_____

(This question seeks to find out why the company seeks to outsource it non-core activities.)

4. What changes in technological advancements does your company struggle to keep up with?

Mobile applications

Customer service support

Hardware Maintenance

Software

Telecommunication services

Computer Network

E-Business

Others_____

(This question aims at finding out what aspects of technological advancements necessitated IS/IT adoption)

5. What aspect of government policy necessitated outsourcing of IT/IS activities by your company?

Taxation

Laws and Regulations

E-governance

Business Process Outsourcing initiatives

Others_____

(This question seeks to establish aspects of government policy influenced the adoption of IT/IS outsourcing.)

6. What lessons have been learned from the outsourcing practice?

_____

_____

_____

**Thank you for your time.**

**APPENDIX TWO-LIST OF REGISTERED INSURANCE COMAPNIES IN KENYA(2013)**

| No. | Company | Address |
|---|---|---|
| 1. | AAR Insurance Kenya Limited | P.O Box 41766 – 00100, NAIROBI |
| 2. | A P A Insurance Limited | P.O Box 30065 – 00100, NAIROBI |
| 3. | Africa Merchant Assurance Company Limited | P.O Box 61599 – 00200, NAIROBI |
| 4. | Apollo Life Assurance Limited | P.O Box 30389 – 00100, NAIROBI |
| 5. | AIG Kenya Insurance Company Limited | P.O. Box 49460 – 00100, NAIROBI |
| 6. | British-American Insurance Company (Kenya) Limited | P.O Box 30375 – 00100, NAIROBI |
| 7. | Cannon Assurance Limited | P. O. Box 30216-00100,NAIROBI |
| 8. | Capex Life Assurance Company Limited | P. O. Box 12043 – 00400, NAIROBI |
| 9. | CFC Life Assurance Limited | P.O. Box 30364 – 00100, NAIROBI |
| 10. | CIC General Insurance Limited | P.O. Box 59485 – 00200, NAIROBI |
| 11. | CIC Life Assurance Limited | P.O. Box 59485 – 00200, NAIROBI |

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| 12. | Continental Reinsurance Limited | P.O. Box 76326-00508, NAIROBI |
| 13. | Corporate Insurance Company Limited | P.O. Box 34172 – 00100, NAIROBI |
| 14. | Directline Assurance Company Limited | P.O. Box 40863 – 00100, NAIROBI |
| 15. | East Africa Reinsurance Company Limited | P.O. Box 20196 – 00200, NAIROBI |
| 16. | Fidelity Shield Insurance Company Limited | P. O. Box 47435 – 00100, NAIROBI |
| 17. | First Assurance Company Limited | P.O. Box 30064 – 00100, NAIROBI |
| 18. | G A Insurance Limited, | P.O. Box 42166 – 00100, NAIROBI |
| 19. | Gateway Insurance Company Limited | P.O. Box 60656 – 00200, NAIROBI |
| 20. | Geminia Insurance Company Limited | P.O. Box 61316 – 00200, NAIROBI |
| 21. | ICEA LION General Insurance Company Limited | P.O. Box 30190 – 00100, NAIROBI |
| 22. | ICEA LION Life Assurance Company Limited | P.O. Box 46143 – 00100, NAIROBI |
| 23. | Intra Africa Assurance Company Limited | P.O. Box 43241 – 00100, NAIROBI |
| 24. | Invesco Assurance Company Limited | P.O. Box 52964-00200, NAIROBI |
| 25. | Kenindia Assurance Company Limited | P.O. Box 44372 – 00100, NAIROBI |

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| 26. | Kenya Orient Insurance Limited | P.O. Box 34530-00100, NAIROBI |
| 27. | Kenya Reinsurance Corporation Limited | P.O. Box 30271 – 00100, NAIROBI |
| 28. | Madison Insurance Company Kenya Limited | P.O. Box 47382 - 00100, NAIROBI |
| 29. | Mayfair Insurance Company Limited | P.O. Box 45161 – 00100, NAIROBI |
| 30. | Mercantile Insurance Company Limited | P.O. Box 20680 – 00200, NAIROBI |
| 31. | Metropolitan Life Insurance Kenya Limited | P.O. Box 46783 – 00100, NAIROBI |
| 32. | Occidental Insurance Company Limited | P.O. Box 39459 – 00623, NAIROBI |
| 33. | Old Mutual Life Assurance Company Limited | P.O. Box 30059 – 00100, NAIROBI |
| 34. | Pacis Insurance Company Limited | P.O. Box 1870 – 00200, NAIROBI |
| 35. | Pan Africa Life Assurance Limited | P.O. Box 44041 – 00100, NAIROBI |
| 36. | Phoenix of East Africa Assurance Company Limited | P.O. Box 30129 – 00100, NAIROBI |
| 37. | Pioneer Assurance Company Limited | P.O. Box 20333 - 00200, NAIROBI |
| 38. | Real Insurance Company Limited | P.O. Box 40001 - 00100, NAIROBI |
| 39. | Resolution Insurance Company Limited | P.O Box 4469 – 00100, NAIROBI |

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| 40. | Shield Assurance Company Limited | P.O. Box 25093-00100, NAIROBI |
| 41. | Takaful Insurance of Africa Limited | P.O Box 1811 – 00100, NAIROBI |
| 42. | Tausi Assurance Company Limited | P.O. Box 28889-00200, NAIROBI |
| 43. | The Heritage Insurance Company Limited | P. O. Box 30390 - 00100, NAIROBI. |
| 44. | The Jubilee Insurance Company of Kenya Limited | P.O. Box 30376-00100, NAIROBI |
| 45. | The Monarch Insurance Company Limited | P.O. Box 44003 – 00100, NAIROBI |
| 46. | Trident Insurance Company Limited | P.O. Box 55651 – 00200, NAIROBI |
| 47. | UAP Insurance Company Limited | P.O. Box43013 - 00100, NAIROBI |
| 48. | UAP Life Assurance Limited | P.O. Box 23842 – 00100, NAIROBI |
| 49. | Xplico Insurance Company Limited | P.O Box 38106 – 00623, NAIROBI |

Source*:* www.ira.go.ke.Retrieved 31stJuly,2014